

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Revokes Iran's U-Turn License

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Washington, DC--The U.S. Department of the Treasury today announced that it is revoking the "U-turn" license for Iran, further restricting Iran's access to the U.S. financial system.

Treasury's move today follows a series of U.S. government actions to expose Iranian banks' involvement in the Iranian regime's support to terrorist groups and nuclear and missile proliferation.

Prior to today's action, U.S. financial institutions were authorized to process certain funds transfers for the direct or indirect benefit of Iranian banks, other persons in Iran or the Government of Iran, provided such payments were initiated offshore by a non-Iranian, non-U.S. financial institution and only passed through the U.S. financial system en route to another offshore, non-Iranian, non-U.S. financial institution. As a result of today's action, U.S. financial institutions are no longer allowed to process these U-turn transfers.

The Treasury Department previously designated Iranian state-owned banks Melli, Mellat, Sepah, Fajr Bank and the Export Development Bank of Iran for their roles in Iran's weapons proliferation activities, as well as Bank Saderat for providing support to terrorism. While these banks are already prohibited from taking advantage of the U-turn authorization, today's action ends this exception for all remaining Iranian banks, both state-owned and private, including the Central Bank of Iran.

As a member of the Financial Action Task Force (FATF), the United States today fulfilled its obligation to strengthen measures to protect the financial sector from the risks posed to the international financial system by Iran. In October 2008, FATF issued its fourth statement declaring that Iran continues to "pose a serious threat to the integrity of the international financial system" and called for countries worldwide to strengthen measures to protect their financial sectors from this threat.

To ensure that transactions relating to humanitarian aid for the Iranian people and other legitimate activities continue to flow, today's action will not affect funds transfers by U.S. financial institutions arising from several types of underlying transactions, including:

- Payment for the shipment of a donation of articles to relieve human suffering;
- A non-commercial remittance to or from Iran (e.g., a family remittance not related to a family-owned enterprise);
- The exportation to Iran or importation from Iran of information and informational materials;
- Travel-related remittances; and
- An underlying transaction authorized by Treasury's Office of Foreign Assets Control (OFAC) through a specific or general license.

Allowable funds transfers under specific or general OFAC licenses would include: payments arising from over-flights of Iranian airspace; legal services; intellectual property protection; and authorized sales of agricultural products, medicine, and medical devices to Iran.

This action will take effect when the amendment to the regulations is published in the Federal Register on November 10, 2008.

Cited in US v Nejad
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